

CLEVELAND DISTRICT OFFICE NEWS INFORMATION FOR THE SMALL BUSINESS COMMUNITY

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*SBA Answer Desk:
1-800 U ASK SBA*

E-mail: answerdesk@sba.gov

Helping small businesses
start, grow and succeed.



LOAN REPORT AS OF JUNE 30, 2008

Total Loan Volume: June 2008

(7(a) and 504 Combined)

Huntington National Bank	173	\$33,305
Charter One Bank/RBS Citizens	133	\$6,291
National City Bank	133	\$14,916
JP Morgan Chase Bank	91	\$12,854
FirstMerit Bank	81	\$15,076

504 Loans

Bank	Number of 504s
Huntington National Bank	14
FirstMerit Bank	12
National City Bank	8
KeyBank	6
JP Morgan Chase Bank	5

CDC	Number of Approvals	Dollars (In Thousands)
Growth Capital Corp.	28	\$10,444
Cascade Capital Corp.	14	\$10,732
Lake County SBAC	11	\$3,422
Community Capital Dev. Corp.	7	\$4,366
Ohio Statewide, Inc.	5	\$5,275
Mahoning Valley Economic Dev. Corp.	4	\$2,053
Stark Dev. Board Finance Corp.	4	\$970
Horizon Certified Dev. Co., Inc.	3	\$2,563
Mentor Economic Assistance Corp.	3	\$372
Northwest Ohio Dev. Assistance Corp.	3	\$1,834
SEM Resource, Inc.	3	\$2,651
West Central Partnership	2	\$234

News for Our Lending Partners on Page 3:

- Information on Access to SBA's Lender Portal
- SOP 10(5) Technical Corrections and Effective Date
- SOP 50 51 Modernization Project
- 4th Quarter "Peg" Rate Interest Rate FY 2008

SBA'S PATRIOT EXPRESS LOAN INITIATIVE DELIVERS \$140 MILLION TO VETS AND MILITARY COMMUNITY

In just under a year's time, the U.S. Small Business Administration's Patriot Express Pilot Loan Initiative approved more than \$150 million in loan guarantees to nearly 1,500 veterans and their spouses who are using the SBA-guaranteed funds to establish and expand their small businesses. Patriot Express, launched last June 28, builds on the more than \$1 billion in loans SBA guarantees annually for veteran-owned businesses, and the counseling assistance and procurement support it provides each year to more than 100,000 veterans, service-disabled veterans and Reserve members. Patriot Express is a streamlined loan product based on the agency's highly successful SBA Express Program, but with enhanced guaranty and interest rate characteristics.

The Patriot Express loan is offered by SBA's network of participating lenders nationwide and features SBA's fastest turn-around time for loan approvals. Loans are available up to \$500,000 and qualify for SBA's maximum guaranty of up to 85 percent for loans of \$150,000 or less and up to 75 percent for loans over \$150,000 up to \$500,000. For loans above \$350,000, lenders are required to take all available collateral. The Patriot Express loan can be used for most business purposes, including start-up, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases. Patriot Express loans feature SBA's lowest interest rates for business loans, generally 2.25 percent to 4.75 percent over maturity of the loan. Local SBA Patriot Express lenders in their

"Patriot Express loans feature SBA's lowest interest rates for business loans, generally 2.25 percent to 4.75 over prime, depending upon the size and maturity of the loan..."

prime depending upon the size and district offices will have a listing of areas.

Details on the initiative can be patriotexpress. Interest rate maximum the same as those for regular 2.25 percent for maturities under for seven years or more. Interest for loans of \$25,000 or less; and \$25,000 and \$50,000. Patriot Express is available to military community members including veterans, service-disabled veterans, active-duty service members participating in the military's Transition Assistance Program, Reservists and National Guard members, current spouses of any of the above, and the widowed spouse of a service member or veteran who died during service, or of a service-connected disability. Patriot Express loans have been approved in all 50 states, the District of Columbia, the U.S. Virgin Islands, Puerto Rico and Guam and generally range from \$5,000 to \$375,000 in individual loan amounts.

found at www.sba.gov/ mums for Patriot Express loans are 7(a) loans: a maximum of Prime + seven years; Prime + 2.75 percent rates can be higher by two percent one percent for loans between

The average loan amount is almost \$103,000. Nearly 15 percent of those loans have gone to military spouses. After loan applications are approved by the bank, they are submitted to SBA for approval. Most applications are approved by SBA within 24 hours. BA has veterans' business development officers in district offices in every state and territory able to provide military community members full access to the SBA's range of programs and services. There are also five Veterans Business Outreach Centers located in: Albany, N.Y.; Pittsburgh, PA; Lynn Haven, Fla.; Edinburg, Texas; and Sacramento, Calif. In addition to district offices, SBA's resource partners SCORE, Counselors to America's Small Business, Small Business Development Centers, and Women's Business Centers provide local and online assistance with: writing a business plan, financing options to start or grow a business, managing a business, expanding a business and selling goods and services to the government.

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For small business owners who expect call-up the SBA and its resource partners have expertise to assist with preparing their businesses before deployment, managing their businesses, selling goods and services to the government, obtaining other SBA financing and financial assistance, and obtaining loans for economic injury – Military Reserve Economic Injury Disaster Loans (MREIDL) – Loans of up to \$1.5 million are available for small businesses sustaining economic injury because an owner or essential employee has been called to active duty as a military reservist. The SBA and its Office of Veterans Business Development (OVBD) gives assistance and support to veterans. Each year the SBA assists more than 100,000 veterans, service-disabled veterans and Reserve Component members. Go to www.sba.gov/vets for more information. ♦

NEWS FOR OUR LENDING PARTNERS

Gain Access to SBA's Lender Portal

The mission of the SBA's Office of Credit Risk Management is to maximize the efficiency of SBA's lending programs by effectively managing program credit risk, monitoring lender performance, and enforcing lending program requirements. One of the primary ways that OCRM accomplishes its mission is through the monitoring of lender performance via the Lender Portal.

SBA's Lender Portal also allows lenders to view their own quarterly performance data, including their most current composite risk rating, the "Lender Risk Rating". Lenders can also access data on peer group and portfolio averages, and we encourage you to do so. The initial lender request for an account user for the SBA lender portal must be made by a senior officer of the bank (Senior Vice President or above) and sent via regular mail to the address provided below, using the institutions stationary, and enclosing the initial account user's business card. The stationary and business card must include the institutions name and address. The request should include the following:

- (1) SBA FIRS ID Number(s);
- (2) account user's name;
- (3) account user's title;
- (4) account users mailing address;
- (5) account user's telephone number;
- (6) account user's e-mail address;
- (7) requesting officer's name;
- (8) requesting officer's title;
- (9) requesting officers mailing address;
- (10) requesting officer's telephone number;
- (11) requesting officer's e-mail address.

Office of Lender Oversight - Capital Access
Suite 8200; Mail Code 7011
ATTN: SBA Lender Portal
U.S. Small Business Administration
409 Third Street, S.W.
Washington, D.C. 20416

Please allow two weeks for an account access information (user ID and password) to be e-mailed to you.

If you have any questions, please contact our Lender Relations division at (216) 522-4180.

SOP 50 10(5) Technical Corrections and Effective Date

SOP 50 10, which covers 7(a) and 504 loan processing as well as the requirements to become and remain a 7(a) lender (Lender) or a Certified Development Company (CDC), was completely re-written and, on March 20, 2008, SOP 50 10(5) was made available with a delayed effective date. The purpose of the revision was to develop a more concise version of the SOP that is up to date and user-friendly. During the past several weeks, Agency staff have received and reviewed ques-

various trade associations, and SBA personnel. As a result of this feedback, SBA has made technical corrections to clarify the SOP and has moved back the effective date. The revised SOP 50 10(5) will be effective for applications received by SBA on or after August 1, 2008.

For lenders submitting requests through delegated processes (PLP, SBA Express, Patriot Express, Export Express or Community Express), the revised SOP will apply to requests for a loan number received by SBA on or after August 1, 2008. The revised SOP can be found at <http://www.sba.gov/tools/resourcelibrary/sops>.

Lenders, CDCs and other interested parties may continue to send suggestions concerning the SOP to SBA at SOP5010Modernization@sba.gov. If you have any questions or would like to receive a listing of the technical corrections that have been made, please contact our Lender Relations division at (216) 522-4180.

SOP 50 51 Modernization Project

As a continuation of the very successful SOP 50 10 modernization project, SBA is pleased to announce the launch of a follow-up initiative to modernize our main loan liquidation/recovery Standard Operating Procedure: SOP 50 51. Like the previous edition of SOP 50 51, the existing edition of SOP 50 51 is difficult to use and needs to better reflect current practices. We expect to produce a modernized SOP 50 51 that is concise and more easily used by lenders and SBA personnel. Another result of the project will be to have SOP-related material (such as FAQs on specific topics in the SOP) available on SBA's website. As part of the first phase 1 of the SOP 50 51 modernization project, we are seeking specific, written feedback from a range of users – including lenders and SBA personnel – on how we should modernize and improve the . Feedback may include suggestions regarding the document's structure, the types and amounts of information required for the SOP 50 51, information that could be included in other materials (e.g., FAQs), and use of technology. Comments should be sent to the following mailbox: SOP5051@sba.gov .

This is another important project and we look forward to working with many of you to make a new liquidation SOP a reality in early 2009. Please contact of Lender Relations' Division at (216) 522-4180 if you have any questions regarding this notice.

4th Quarter "Peg" Rate Interest Rate FY 2008

The optional peg rate for fluctuating interest rates on guaranty loans is 4 1/2 percent (4.5%) for the July – September quarter of FY 2008. ♦

Small Firm Lending Pace Accelerated in 2007: Number of Small Loans up 15 Percent, Dollar Value up 8 Percent

The number of small business loans outstanding under \$1 million increased by 15 percent between June 2006 and June 2007, according to a report released by the Office of Advocacy of the U.S. Small Business Administration. A subset of loans—those between \$100,000 and \$1 million—increased more than twice as much, by almost 32 percent. The total dollar value of small business loans increased by about 8 percent. Smaller loans under \$100,000, which include many business credit card loans, increased in total dollar value by 9.4 percent. All of these were higher rates of growth than over the 2005-2006 period.

The report, *Small Business and Micro Business Lending in the United States for Data Years 2006-2007*, uses both Consolidated Reports of Condition and Income from June 2007 and Community Reinvestment Act reports for 2006 to review small business lending activities by financial institutions. The report also covers savings banks and savings and loan institutions. The report ranks lenders in each state and territory by their small business lending activities, as well as ranking large national financial institutions. A complete ranking of lenders, including prior annual reports, is available at www.sba.gov/advo/research/lending.html. Lenders are ranked on their overall small business lending, not by lending under SBA programs.

The Office of Advocacy, the “small business watchdog” of the federal government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, and the President. It is the source for small business statistics presented in user-friendly formats, and it funds research into small business issues. For more information, a complete copy of the report, and rankings of lenders by state, visit the Office of Advocacy website at www.sba.gov/advo. ♦

SBA Holds Second Round of Staff Training

Almost 330 employees and managers at the U.S. Small Business Administration completed a second round of staff training at the National Conference Center in Lansdowne, Va., in April, with two more sessions scheduled for remaining employees during the summer.

SBA University is part of the agency’s reform agenda, aimed at improving operations and accountability through enhancing internal and external communications, and improved customer service. The training will also help clarify roles and responsibilities within the agency, while also bridging training gaps. The training features: an employee core curriculum, a leadership core curriculum and employee electives. The curriculums consist of the following courses:

Employee Core Curriculum	Employee Electives	Leadership Core Curriculum
Decision Making	Oral Communication	Generational Training
Conflict Management	Project Management	Leading/Team Coach
Written Communication	Procurement/Contracting	Leadership Effectiveness Through Active Development
Financial Management	Lean Six Sigma	Lean Six Sigma
Customer Service	Personally Identifiable Information	

The pilot SBA University and first round of courses were offered to headquarters and field employees across three weeks in August 2007; employees chose the week they wanted to attend. The first installment of this year’s SBA University won rave reviews from SBA’s employees with 78 percent rating it as excellent and 21 percent rating it as good. ♦

SBA Launches Small/Lender Advantage Initiative in Region V New Loan Service to Foster Small Business Growth in America

The U.S. Small Business Administration has extended its Region V initiative aimed at fostering economic development in America's rural areas by making it easier for smaller community banks and credit unions to use SBA loan products to finance small businesses. Previously this rollout was scheduled for July, but in the wake of the recent Midwest flooding, the SBA is launching this program early to assist those borrowers who were impacted by these floods. Small/Rural Lender Advantage is part of the agency's 7(a) loan program and encourages smaller and/or rural lenders (lenders making 20 or fewer SBA loans a year) to offer SBA loans by streamlining the SBA's loan application and approval processes. This pilot was initiated and tested in SBA's Region VIII (North Dakota, South Dakota, Colorado, Wyoming, Utah and Montana) in January.

Following enhancements to further streamline it, SBA is now extending the initiative to Region V, which covers Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin. SBA expects to expand the initiative nationwide by the end of the fiscal year. The key features of Small/Rural Lender Advantage include:

- A shorter, simplified application for loans of \$350,000 or less;
- An expedited SBA loan processing time of 3-5 days for routine loans;
- Only limited, key financial documentation is required;
- An SBA guaranty of 85 percent is available for loans of \$150,000 or less; 75 percent if the loan is larger;
- Loan applications may be faxed or e-mailed to SBA;
- A simplified loan eligibility questionnaire is provided to help small or occasional SBA lenders understand SBA's eligibility criteria; and
- SBA provides specialized assistance to small/rural lenders on complex eligibility issues.

This new service is intended to increase SBA's market penetration with smaller lenders and in rural areas. Small businesses account for two-thirds of all rural jobs and comprise more than 90 percent of all rural establishments. However, the number of banks nationwide taking advantage of SBA loan programs has declined by almost 400 over the past two years. By streamlining the process and reducing the paperwork, SBA is intent on winning them back. ♦

SBA Acting Administrator Tours Midwest Disaster Areas: Disaster assistance operations up and running; prepared to help communities rebuild

On June 13, U.S. Small Business Administration Acting Administrator Jovita Carranza demonstrated SBA's support in the recovery efforts of Midwest states impacted by recent storms and floods during a tour of Iowa and Indiana disaster areas. Carranza joined FEMA Administrator David Paulison to assess areas impacted by the storms and ensure SBA's coordination with federal, state and local governments in providing critical services.

"SBA is committed to assisting those who seek resources to rebuild their lives and communities," said Carranza. "SBA's low-interest federal disaster loans are available to homeowners, renters, businesses of all sizes and private, non-profit organizations whose property was damaged or destroyed by disasters. SBA customer service representatives will be available at all disaster recovery centers as they are established throughout the affected areas to issue loan applications, answer questions about SBA's disaster loan program, explain the application process and help every person complete their applications. SBA is also working with FEMA, state and local governments to ensure that residents receive support during their time of need."

As the federal government's leading post-disaster economic recovery agency, SBA plays an important role helping affected communities get back on their feet. The agency provides a wide range of services:

- Disaster loans to homeowners, businesses, and renters;
- Working capital loans to small businesses impacted by the disaster;
- Counseling and entrepreneurial development for small business owners;
- Assistance to small businesses seeking federal contracting opportunities.

SBA currently has disaster staff working to meet the needs of residents impacted by and flooding in Iowa, Indiana, Wisconsin and other states. ♦